



## Recycling Fund

### Act 101 of 1988

The **Municipal Waste Planning, Recycling and Waste Reduction Act (Act 101)** of 1988 was created to meet the challenges facing Pennsylvania's waste management system, including insufficient landfill capacity and rules to better handle waste. Act 101 created the Recycling Fund to help counties, townships, boroughs, and cities comply with the law and improve their waste handling. The fund receives most of its revenue from waste disposal "tipping fees" charged at municipal landfills. This money is spent by the commonwealth to promote recycling programs, subsidize public recycling initiatives, and provide for other environmental remediation efforts.

Pennsylvanians generate 8.7 million tons of municipal waste annually, which equals 1,360 pounds per person every year. Forty-five municipal waste landfills, five construction demolition landfills, three residual waste landfills, and six resource recovery facilities accept all non-hazardous materials. There are no hazardous waste landfill facilities in Pennsylvania. Hazardous waste recovered in the state must be transported to facilities outside the commonwealth.

Pennsylvania's [waste industry supports](#) 26,000 jobs and provides a \$4.2 billion state economic benefit. Roughly half of this contribution being a direct result of the industry and the other half an economic ripple effect and employment across a multitude of industries.

As a result of strict regulations on location and landfill design, the commonwealth's disposal facilities feature redundant safety systems to ensure environmental protection. Most of the state's population (91 percent) has some level of access to recycling, making Pennsylvania a national leader in the industry. One reason for this success lies in the widespread application of "single-stream" recycling, which increases the amount of waste people may recycle. In fact, communities that have switched to single-stream recycling have experienced an almost instant 45 percent increase in volume.

Pennsylvania has also been successful in its recycling initiatives through early adoption and investment in the practice. The Recycling Fund, which was created by [Act 101 of 1988](#) and is managed today by the Department of Environmental Protection, is designed to help pay for the planning, processing, resource recovery and recycling of solid waste. By law, DEP must allocate revenue from the Recycling Fund as follows:

- At least 70 percent be expended for grants to municipalities to promote recycling,
- Up to 30 percent for public information and education programs, as well as technical assistance programs,
- Up to 10 percent for feasibility studies relating to municipal waste processing and disposal facilities, and
- Up to 3 percent for the collection and administration of the fund.

DEP awards a variety of grants to promote and sustain recycling initiatives, including grants for planning purposes, for development and implementation of recycling programs, for reimbursement of costs for maintaining recycling coordinators, and for meeting recycling goal benchmarks. Sections 901 – 904 of Act 101 directs the reimbursement of eligible expenses through grants, as follows:

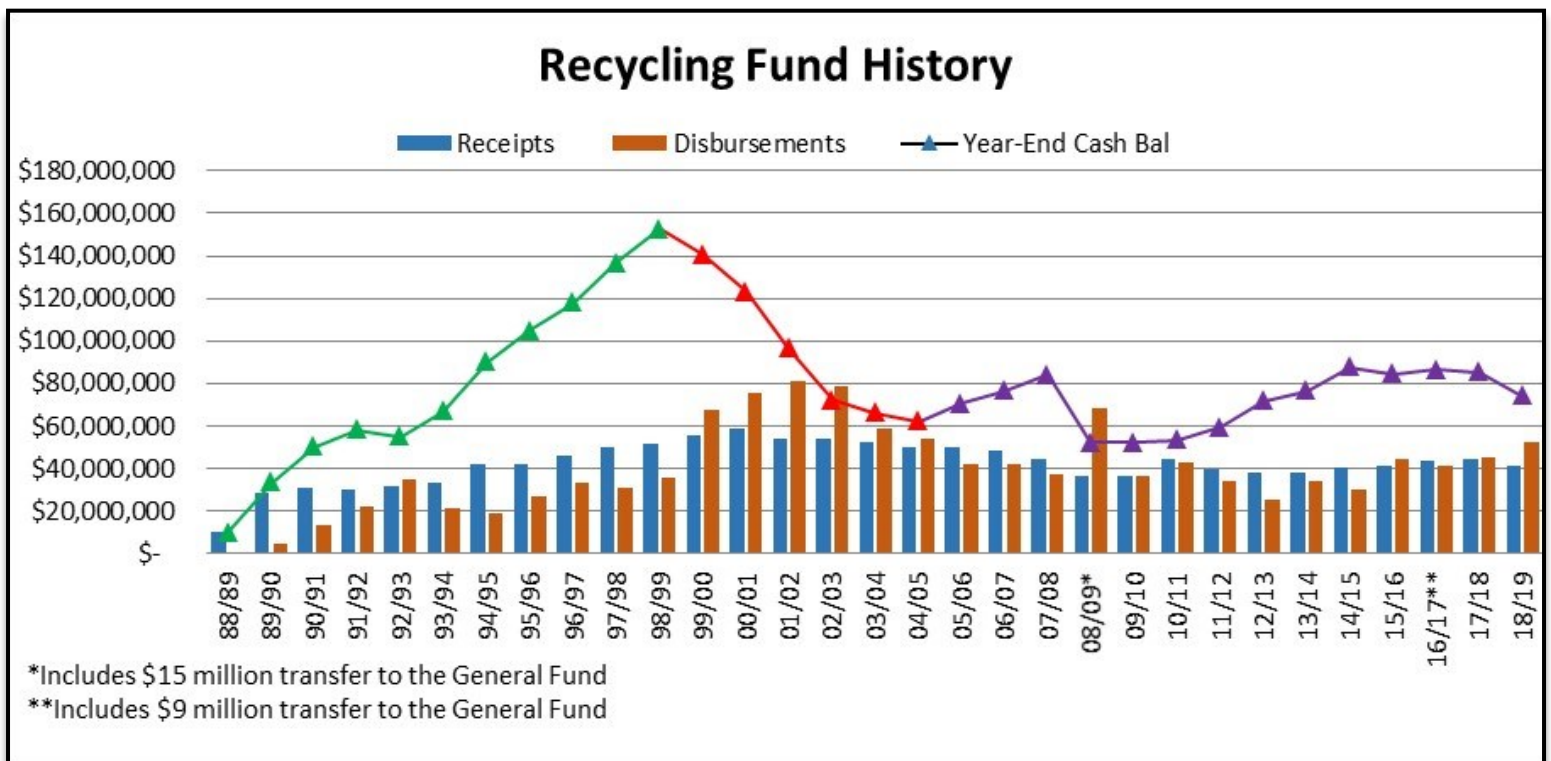
- I. **Section 901** – County Planning and Hazardous Household Waste Education Grants, counties are eligible for 80 percent reimbursement for preparation of waste management plans and pollution prevention education activities,

- II. **Section 902** – Recycling Program Development and Implementation Grants, the grants reimburse counties and municipalities 90 percent of expenses related to purchasing of collection and storage equipment, identifying markets, and developing public education campaigns about recycling,
- III. **Section 903** – County Coordinator Grants, provides for reimbursement of 50 percent of county recycling coordinator salary and expenses, and
- IV. **Section 904** – Recycling Performance Grants, are awarded to municipalities based on the type and weight recycled and the applicant’s recycling rate.

Most Recycling Fund revenue comes from the \$2-per-ton of weighted waste paid by landfill operators. Additional funding is interest, and, on occasion, transfers from the Hazardous Sites Cleanup Fund.

Scheduled to first expire in 1999, the General Assembly acted to extend the fee every year. Act 40 of 2017 repealed the final scheduled sunset and extended the fee indefinitely.

Since its inception in 1988/89 through the late 1990s, the Recycling Fund maintained healthy budgetary reserves, and year-end cash balances increased. From the late 1990s through the mid-2000s, the Recycling Fund’s cash balance shrunk by half. Since then, its cash balance has remained relatively flat.

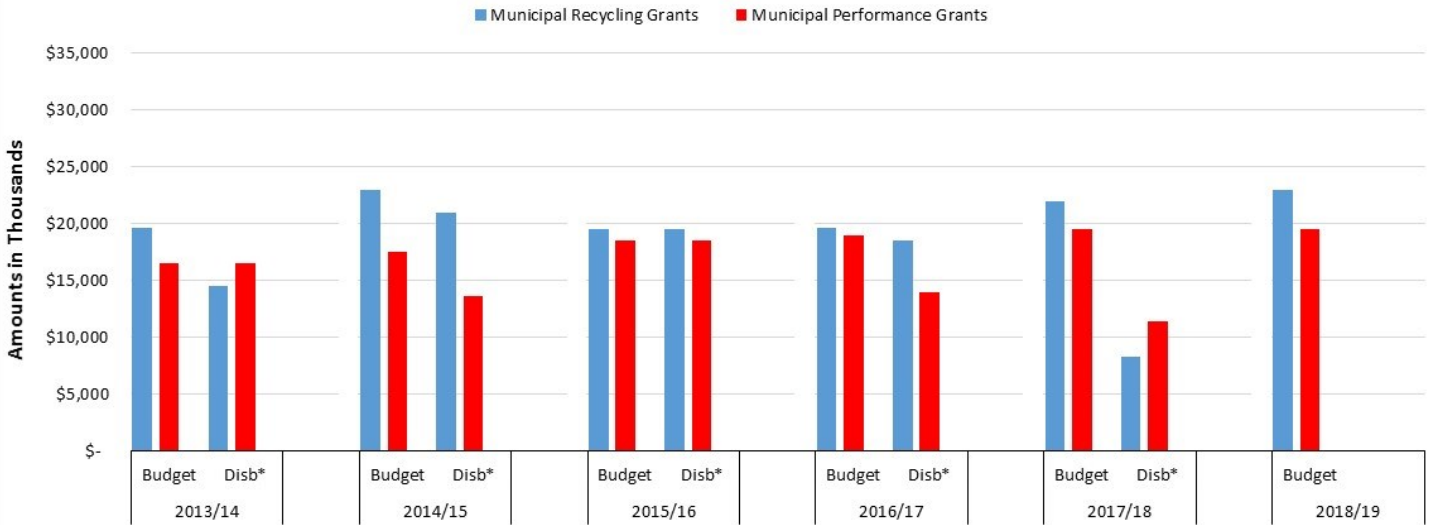


The Recycling Fund’s reserve is facing pressures on two fronts: transfers for unrelated purposes, thus increasing the amount of disbursements; and flattening revenue receipts.

Lawmakers should be cautious when approving transfers from special funds as part of the budget process, which has happened twice: 2008/09 when \$15 million was transferred to the General Fund; and 2016/17 when \$9 million was transferred. After peaking at \$48 million in 2001/02, recycling fees gradually declined through 2009/10. Fees deposited into the fund today average \$38 million, annually.

Recycling Fund disbursements are also affected by grant awards. Grants for municipal recycling and performance are the two major channels for reimbursements. While the budget for municipal recycling and performance grants have steadily increased, eligible expenses submitted for reimbursement by municipalities has decreased.

## Act 101: Municipal Recycling and Performance Grants 2013/14 - 2017/18



\*Disb (Disbursements) include Commitments and Expenditures

Act 101 established an ambitious waste planning initiative centered on recycling. While Pennsylvania remains a nationwide leader in its recycling initiatives, policymakers must be mindful of the critical role recycling grants play in the promotion of responsible waste management, and vigilant to ensure that revenues collected to promote recycling are ultimately spent on that goal.

### House Appropriations Committee (D)

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